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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

BAE

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SUMMARY

General economic conditions have improved since the steel strike was settled in late July. Output, employment, and incomes rose as the steel industry rapidly restored operations to near capacity levels and steel-using industries returned to more nearly normal production. Total demand for goods and services remained high as retail trade increased in August and early September.

Plant and equipment expenditures in the third quarter, after adjustment for seasonal factors, totaled about the same as in the second but are expected to rise about 2 percent in the fourth quarter. Defense spending was at a slightly lower rate in August, but for the third quarter as a whole is expected to be near the second quarter rate.

Prospects for crop production improved slightly from August 1 to September 1 and the total is expected to be above last year and close to the near-record crop of 1949. Production of livestock products is also above last year. Total agricultural production this year is expected to be the largest on record.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951		1952			
		Year	August	May	June	July	August
Industrial production 1/							
Total.....	1935-39=100	220	217	211	203	191	212p
All manufacturers.....	do.	229	226	224	213	200	223p
Durable goods.....	do.	273	267	277	247	224	264p
Nondurable goods.....	do.	194	193	180	187	180	189p
Minerals.....	do.	164	165	140	147	143	157p
Construction activity 1/ #							
Contracts, total.....	1947-49=100	171	156	168	172	177	
Contracts, residential.....	do.	170	176	186	193	196	
Wholesale prices 2/ #							
All commodities.....	1947-49=100	115	114	112	111	112	112
All commodities except farm and food.....	do.	116	115	113	113	112	113
Farm products.....	do.	113	110	108	107	110	110
Processed foods.....	do.	111	111	109	108	110	110
Prices received and paid by farmers 3/							
Prices received, all products.....	1910-11=100	302	292	293	292	295	295
Prices paid, interest, taxes, and wage rates.....	do.	281	282	289	286	286	287
Parity ratio.....	do.	107	104	101	102	103	103
Consumers' price 2/ 4/							
Total.....	1935-39=100	186	186	189	190	191	191
Food.....	do.	227	227	231	232	235	236
Nonfood.....	do.	164	164	167	168	168	168
Income							
Nonagricultural payments 5/...	Bil. dol.	233.6	235.5	244.9	245.9	243.2	
Income of industrial workers 3/...	1935-39=100	428	426	421	411		
Production worker pay rolls 2/#...	1947-49=100	129	128	128	127	122	
Weekly earnings of factory workers 2/							
All manufacturing.....	Dollars	64.88	64.32	66.61	66.98	65.84	
Durable goods.....	do.	69.97	69.55	71.72	71.80	69.67	
Nondurable goods.....	do.	58.50	57.91	59.56	60.87	61.26	
Employment							
Total civilian 6/.....	Millions	61.0	62.6	61.2	62.6	62.2	62.4
Nonagricultural 6/.....	do.	54.0	54.9	54.2	54.4	54.6	55.4
Agricultural 6/.....	do.	7.0	7.7	7.0	8.2	7.6	7.0
Government finance (Federal) 7/							
Income, cash operating.....	Million dollars	4,945	4,600	4,722	9,988	3,593	
Outgo, cash operating.....	do.	4,836	5,565	5,751	6,978	6,233	
Net cash operating income or outgo.....	do.	+109	-965	-1,029	+3,010	-2,640	

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1951 are on average monthly basis.

Revised series. p Preliminary estimates.

Industrial production expanded rapidly in August as the steel industry increased output from 18 percent of rated capacity in July to nearly 100 percent in the first week of September. Passenger car assemblies rose somewhat in August and are scheduled to expand sharply in September. Production of nondurables was up in August and continued high in September. Accompanying the rise in output, nonagricultural employment rose to an all-time record level in August.

Wholesale prices weakened somewhat in September after rising gradually from June to mid-August. Average wholesale prices of farm products have eased off in recent weeks largely because of seasonal declines in prices for fresh fruits, vegetables and livestock. Average prices of processed foods and other products were also down slightly. Rural living costs held steady in August with food prices down slightly from the record levels of mid-July.

Commodity Highlights

Meat production for September will total above a year earlier with gains for beef, veal and lamb more than offsetting a reduction in pork. Prices of fed cattle have shown more strength than prices of cows and of lower grade steers and heifers. Further price rises are likely for dairy products this fall and early winter, because stocks and production are below last year. Egg production this fall is expected to exceed 1951, but by the turn of the year output probably will be down to or below year-earlier levels. Output of food fats and oils in the year beginning October 1, 1952 will be moderately less than in the current crop year. The 1952-53 supply of all feed concentrates was estimated in early September at about equal to the 1946-50 average, but 4 percent smaller than in 1951-52. Cash wheat prices, with the exception of soft red wheat, are generally only slightly below the effective loan level. Prices for apples are expected to decline about seasonally during early fall, but will continue above last year. Prices for pears are expected to increase this fall but continue under the relatively high levels of the fall of 1951. Prices for potatoes will decline seasonally when larger supplies from the late states become available. The supply of cotton in the U. S. during the 1952-53 marketing year is estimated at 16.6 million bales, 0.8 million smaller than a year earlier. At the opening sales in September in Australia, wool prices ranged between 5 and 10 percent below the closing prices of last June. Prices for flue-cured tobacco for the season through the third week in September averaged about the same as in the comparable period in the 1951 season.

TOTAL DEMAND FOR GOODS AND SERVICES

Consumer Buying
Lower in July

Total retail sales, after adjustment for seasonal factors, declined 4 percent from June to July. The decrease was confined to durable goods as sales of nondurables remained virtually unchanged. Most of the drop in hard goods sales was due to a decline of nearly one-fifth in sales by the automotive group which resulted from reduced output of passenger cars. But sales by other durable goods dealers were also lower. On the whole, the demand for finished goods was somewhat less active than had been expected. Among the nondurable goods, a 4-percent decline in sales of general merchandise was offset by a rise of 3 percent in food store sales and somewhat larger sales at drug stores. Sales in other nondurable stores showed practically no change during the month.

Retail sales in July totaled 4 percent above a year earlier. Sales of durable goods were up only 1 percent as gains for homefurnishings, building materials and hardware, and "other durables" more than offset a reduction of 3 percent in automotive sales. Nondurable sales were up 6 percent over the year as all major groups except general merchandise increased.

Estimates for August indicate that department store sales, after seasonal adjustment, rose more than 8 percent from July to the highest levels reached since February 1951. This contrasts with a 5-percent decline in July.

Total consumer credit outstanding rose to 21.2 billion dollars at the end of July, up 1 percent from the previous record level of the month before. The rise since the termination of controls on consumer credit in early May is about 7 percent. Installment credit outstanding totaled 14.7 billion dollars, up 0.3 billion from June and 1.8 billion from July 1951. The increase during July compares with a decrease of 52 million dollars in July of last year and increases of 0.5 billion in July 1950 and 0.2 billion in July 1949. A seasonal decline in charge accounts partly offset the rise in installment credit outstanding.

Retail inventories at the end of July were down slightly from the month before. Inventories of durable goods were off 3 percent, largely because of one-sixth lower stocks of automobiles. Inventories of homefurnishings, however, rose nearly 9 percent, the first increase since May 1951. Nondurable inventories were up about 1 percent as a 3-percent decline in food store stocks was more than offset by moderately larger inventories in other nondurable goods stores. Retail inventories totaled 11 percent below those at the end of July last year. Stocks of hard goods were down more than one-fifth, with all major groups registering substantial declines. Nondurables were down 3 percent, due primarily to lower stocks at general merchandise and apparel stores.

Total personal income was at a seasonally adjusted annual rate of 264.2 billion dollars in July, down 1 percent from the month before. A 4-percent drop in wage and salary disbursements in the commodity-producing industries, caused by plant shutdowns and layoffs resulting from the work stoppage in the steel industry, was chiefly responsible for the decline. Wage and salary payments in the distributive and service industries were up about 1 percent, but other major components of personal income remained virtually unchanged. Personal income in July was 4 percent higher than a year earlier with all of the major categories showing moderate advances except wage and salary payments in the commodity-producing industries and transfer payments. These latter two components were down 1 and 2 percent, respectively. With the rise in industrial production, increased employment, and higher wage rates, personal incomes increased in August.

Investment Demand

Plant and equipment expenditures in the fourth quarter of this year are expected to be at the seasonally adjusted annual rate of 27.9 billion dollars, up about 2 percent from the second and third quarters. If these expectations materialize, expenditures for the entire year would be up 4 percent from last year's record rate. Outlays by manufacturing industries, which comprise nearly half of the total, have risen in each quarter of this year and are scheduled to be at a record rate in the last quarter. Expenditures by the other major groups were down in the second and third quarter, largely because of material shortages. A higher rate of spending in the fourth quarter is anticipated for mining, railroads, and public utilities, but only the latter will spend at a higher rate than in the first quarter of the year.

New housing starts in August were at a seasonally adjusted annual rate of 1,035,000, down 5 percent from July but 11 percent above August 1951. This was the third month in a row that new starts were below the rate of 1.2 million. Congress provided in the Amendments to the Defense Production Act that if new nonfarm housing starts should fall below an annual rate of 1.2 million for three consecutive months Regulation X should be suspended. Accordingly the Federal Reserve Board announced that direct credit restrictions on both residential and nonresidential construction were suspended effective September 15. Minimum down payment requirements for Federal Housing Agency approved and Veterans Administration loans were also reduced.

Defense spending was at a rate of 50.3 billion dollars in the second quarter. Treasury expenditures in July and August indicate that the rate of spending was down somewhat in the first two months of the third quarter; but for the quarter as a whole, little change is expected from the second quarter rate.

OUTPUT AND EMPLOYMENT

Crop Prospects
Advance Slightly

Most late-growing crops improved slightly during August although prospects for cotton and a few others declined. As a result, the total volume of crop production advanced slightly from the August 1 level, and nearly equals the second-largest crop of record. Production prospects improved during the month for barley, corn, flaxseed, rice, all hay, soybeans, potatoes, tobacco, and sugar crops. Estimates for oats, spring wheat and the various fruits changed very slightly. Minor declines were shown for sorghum grain, dry beans and peas and a sharp cut was reported for cotton due largely to hot dry weather in Texas and Oklahoma and otherwise unfavorable growing conditions for cotton in the Southeast.

Industrial Output
Rebounds Quickly

Industrial production bounced back rapidly in August. The Federal Reserve Board index of industrial production, according to preliminary estimates, stood at 212 (1935-39 = 100, seasonally adjusted), 11 percent higher than July but still about 2 percent lower than August 1951. The rapid return to production in the steel industry was largely responsible for the 18-percent rise in output of durable manufactures. Steel production rose from 18 percent of rated capacity in July to 99 percent in the last week of August and for the month of August averaged 90 percent of capacity. Passenger car assemblies totaled about 247,000 in August compared with 160,000 in July, but because of persisting material shortages assemblies were still considerably short of the 395,000 units reported in June.

The index of nondurable manufacturing was estimated at 189 in August, 5 percent above July but 2 percent less than August a year ago. Output of nondurable goods in July was down from June because the large number of plant shutdowns for summer vacations exceeded the usual seasonal adjustment. The rise in nondurable output from July to August carried the index to a level slightly above June. Increased textile mill activity contributed to the gain. Mineral production in August was nearly 10 percent above July as iron ore mining picked up after the settlement of the work stoppage in the steel industry.

Industrial production will probably continue to increase in September as steel production rises to close to 100 percent of rated capacity. Output in steel-consuming industries--particularly the automobile industry which plans to build 455,000 cars in September, the highest monthly volume in more than a year--is scheduled to rise, and production of machinery also is expected to increase.

Manufacturers' sales rose in August, largely because of the pickup in sales of basic metals as steel production expanded rapidly. Pressures for delivery of steel to civilian producers was heavy. However, the

market was orderly and manufacturers were reluctant to pay too high a premium for conversion ^{1/} or foreign steel or to make forward commitments for such supplies much in advance of current needs. Factory sales of motor vehicles also rose as output increased. Sales by producers of non-durable goods continued at high levels. Private purchasing agents report that the volume of new orders rose sharply during August after having declined substantially in July.

Wholesale sales, after adjustment for seasonal variations, rose about 4 percent during July, with greatest gains in nondurables. Wholesale inventories at the end of July were about 1 percent lower than June and about 9 percent less than July of a year earlier.

Nonagricultural Employment Higher in August

Total employment in August was about 62.4 million, virtually the same as in the previous month and in August last year. Nonagricultural employment rose .75 million to a record level. Largely because of the seasonal withdrawal of summer workers from the labor force, unemployment dropped to 1.6 million in August--2.5 percent of the labor force compared with 3.0 percent in July. However, the number of employed workers who were not at work on their jobs remained relatively large as summer vacations continued and many workers were idled because of material shortages. Agricultural employment as reported by BAE totaled 11.5 million in August, up seasonally from July but down 2 percent from a year ago.

Average hourly wage rates are expected to rise further in coming months. Contracts between the coal miners and the mine operators were terminated during September, but settlement with the northern operators at substantially higher hourly wage rates has been reported.

COMMODITY PRICES

Although wholesale prices in general firmed up from June to August, they have eased off a little in recent weeks largely because of small reductions in farm product prices.

The all commodity index of wholesale prices (1947-49 = 100) was at 111.5 on September 9, down slightly from the middle of August and 2 percent lower than September 1951. Prices for farm products were down more than 2 percent, for processed foods, 1 percent, from both the previous month and the previous year. Prices for commodities other than farm and food were about equal to those of a month before but off 2 percent from a year earlier.

^{1/} "Conversion" steel is steel from ingots turned out by one producer but fabricated by another. Some mills have more ingot than finishing capacity. To the extent that conversion deals match up the excess output of such mills with the excess finishing capacity of other producers, they add to steel output.

The sensitive index of 28 basic commodities averaged 290.1 percent of August 1939 on September 12, down 1 percent from August 19 and 11 percent from a year earlier. Prices for raw industrial commodities were up slightly during the month, but remained 12 percent less than a year before. Prices for foodstuffs were 3 percent lower than the month before and only a little above September 1951. Imported commodities were off 16 percent from last year.

The consumers' price index for moderate income families in large cities continued the advance which began last February, and on August 15 was 191.1 percent of the 1935-39 average, 3 percent above a year earlier. Food prices remained almost unchanged over the month as higher prices for pork, eggs and chickens about offset lower prices for fresh fruits and vegetables. Rent, utility charges, and prices for miscellaneous commodities continued to inch upward, while housefurnishings were the same as July and prices for apparel were off slightly.

The BLS estimated that food prices in large cities on August 25 were at the level of August 15. The index, which is based on a survey of food prices in 8 sample cities, stood at 235.6 percent of the 1935-39 average. Egg prices were up about 5 percent, poultry was up 3 percent, while fresh fruits and vegetables were down about 4 percent.

As reported in the last issue of The Demand and Price Situation, the index of prices received by farmers remained at 295 on August 15, (1910-14=100), unchanged from the month before. Slightly lower prices for crops were offset by somewhat higher prices for livestock and livestock products. The parity index--prices paid including interest, taxes and farm wage rates--rose 1 point to 287 in mid-August. Prices paid for production items were higher while farm living costs were unchanged. The parity ratio--the ratio of the index of prices received to the parity index--remained unchanged at 103, the same as a month before but down 1 point from a year earlier.

Table 1.- Indexes of wholesale and basic commodity prices, selected groups, September 1952 1/ with comparisons

Group	September 1952					
	: Sept. :		: Aug. 19, :		: Sept. :	
	: 1952 <u>1/</u> :		: 1952 :		: 1951 :	
	:		:		:	
					percentage change from Aug. 19, 1952	Sept. 1951
					Percent	Percent
<u>28 Basic commodities</u> (Aug. 1939=100):						
General index.....	290.1	292.9	325.7	- 1	- 11	
Raw industrial.....	269.5	268.1	307.2	+ 1	- 12	
Imported commodities.....	282.7	283.5	336.7	<u>2/</u>	- 16	
Foodstuffs.....	348.5	359.9	367.6	- 3	- 5	
:						
<u>Wholesale prices</u> (1947-49=100)..						
All commodities.....	111.5	112.2	113.4	- 1	- 2	
Farm.....	107.2	110.1	109.9	- 3	- 2	
Food processed.....	110.3	111.1	110.9	- 1	- 1	
All other than farm and food....	112.6	112.8	114.8	<u>2/</u>	- 2	

1/ Prices for 28 basic commodities are as of September 12; wholesale prices are as of September 9.

2/ Decrease less than 0.5 percent.

FARM-RETAIL PRICE SPREADS

Charges for assembling, processing, and distributing the foods in the market basket were at a record annual rate of \$395 compared with \$359 in August 1951 and an average of \$362 for all of 1951. Farm prices of food products in August 1952 were only slightly higher than a year earlier. As a result, the farmer's share of the dollar consumers spent for farm foods was 48 cents in August, 2 cents less than in the same month of 1951.

Table 2.- The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's food dollar, July and August 1951 and 1952, and 1951 annual average

Year and month:	Retail cost 2/	Farm value 3/	Marketing charges 4/	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951 average...	722	360	362	50
1951 - July....	723	352	371	49
Aug.....	714	354	359	50
1952 - July....	756	365	391	48
Aug. 5/	756	361	395	48

1/ Average annual quantities of farm foods purchased per family of three average consumers, 1935-39.

2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. Expenditure for all foods per family is currently considerably more than the retail cost of the foods in the market basket which does not include imported foods, nonfarm foods such as fishery products, or foods consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption nor does it allow for service charges on meals eaten in restaurants.

3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes.

5/ Preliminary estimate.

FARM INCOME

Farmers' total cash receipts from marketings in September are expected to be about 3.5 billion dollars, 24 percent more than in August and slightly above a year ago. Receipts from livestock and products will total around 1.8 billion dollars, up 16 percent from the previous month and about the same as in September 1951. The sharp rise over August is due to a larger than usual increase in marketings of cattle and calves and to seasonal increases in sales of hogs, chickens and turkeys.

Crop receipts in September will be about 1.7 billion dollars, 33 percent more than in August and about 5 percent higher than in September 1951. The increase over the previous month is due mostly to seasonally larger sales of cotton, soybeans, and tobacco.

Cash receipts in the first 9 months of 1952 will total approximately 22.2 billion dollars, up 2 percent from last year. Receipts from livestock and products will be about 13.6 billion dollars, 4 percent less than in the corresponding period of 1951, but crop receipts of 8.6 billion dollars are up 13 percent.

LIVESTOCK AND MEAT

Livestock slaughter and meat production continued to increase during September as marketings of all meat animals rose seasonally. Meat production for the month will total above last September, with gains for beef, veal, and lamb more than offsetting a reduction in pork.

Marketings of hogs will continue upward until about early December, but peaks for other meat animals will be passed earlier. For the entire fall and winter season, production of meat will continue larger than a year earlier. Beef and veal will provide most if not all of the increase. There will be less pork.

Substantially larger cattle and calf marketings this fall than last reflect the greater number on farms, both in feed lots and on pasture. Well finished fed cattle have comprised a larger than usual proportion of total cattle receipts this summer and early fall, but marketings of fed cattle are expected to decline during late fall. For the fall season, cattle marketed off grass will provide much of the increase over last year in total cattle marketings and slaughter.

Prices of fed cattle have shown more strength than prices of cows and of lower grade steers and heifers. This wider price spread between grades may continue for several months, even though a small seasonal rise for all classes could take place in late fall or early winter.

Smaller hog slaughter this fall than last is resulting from the 9 percent smaller pig crop last spring than a year earlier. Prices of hogs may decline no more than usual. Despite the smaller slaughter, prices are likely to average only about as high as last fall. Chiefly because supplies of beef are larger, demand for pork is somewhat weaker than last year. Also, prices for lard are lower.

Sheep and lamb slaughter during September continued well above that of a year earlier, chiefly because fewer lambs are being withheld from slaughter for building up breeding herds or for feeding. If slaughter shows further gains over year-earlier levels, the past 2-year uptrend in sheep and lambs on farms is likely to be halted. Prices of slaughter lambs in recent weeks have been well below a year earlier, and are likely to continue lower, although a moderate seasonal advance might occur this winter.

DAIRY PRODUCTS

Wholesale prices for cheese and butter showed net increases in the past month, even though butter declined a little in mid-September. Prices for the other manufactured dairy products have not changed. Most items are above a year ago, ranging from 4 percent for dry whole milk to 19 percent for cheese. Condensed milk prices are about the same as a year ago. Prices paid by dealers for milk used in fluid distribution increased more than seasonally from August to September, reflecting drought in wide areas this past summer. The price paid by dealers in early September was \$5.55 per cwt. compared to \$5.20 a year earlier.

Despite widespread rains and cooler weather, the total milk flow in August, continued below a year earlier. At 10.2 billion pounds, it was 3 percent below the same month of 1951. The annual rate for July and August averaged 111 billion pounds compared with 114 billion for the first 6 months of the year. Production for the 12 months will be close to 114 billion pounds compared to 115.6 in 1951.

With larger consumer incomes consumption of fluid milk continued to show slight increases, despite record high retail prices in many cities. With smaller total milk flow, the quantity available for manufacturing continued to show reduction from last year. In recent months production of only ice cream, dry skim, and a few minor products has been larger than last year. Since stocks of dairy products are below last year, production is lower, and demand strong, further price rises for dairy products are likely this fall and early winter.

POULTRY AND EGGS

After rising sharply most of the summer, egg prices leveled off after mid-August and in the 4 weeks ending mid-September remained somewhat lower than a year earlier.

As in most previous years, September seems likely to be the low month of the year for total egg output on farms. Production at the beginning of the month was almost 3 percent greater than a year earlier and further increases over the year before seem likely in the next month or two. By the turn of the year, however, output probably will be down to or below year-earlier levels because relatively few replacement pullets were raised from the late-season hatch in the spring of 1952. On January 1, 1953 the number of potential layers on farms is likely to be below a year earlier.

Broiler prices in August and the first half of September were at about the highest levels of the year to date. Because recent chick placements were at relatively low levels, the marketable supply of broilers will not be increased in the next few months. However, the season of peak marketings of hens will occur during this period, and peak marketings from the record turkey crop will begin.

Recent prices of hens have been low. By September, stocks of fowl usually begin to increase seasonally. But at the beginning of September 1952, the stocks, at 36 million pounds, were almost 6 million pounds below the previous month. This compares with movement of 7.5 million pounds into storage August 1951, and indicates that storage demand is weaker than last year. This weaker demand is reflected in the low price of 16-17 cents per pound offered to farmers in Iowa in mid-September.

U. S. average prices received by farmers for turkeys are beginning to rise seasonally as marketings include heavier and better finished birds of the standard size breeds. To mid-September, for specific grades and weights, there have been diverse trends in turkey prices in eastern wholesale markets. Prices of toms have declined, while prices for most hens have been about steady. To September 20, 318,000 pounds had been bought under the Government's surplus removal program.

FATS AND OILS

The index of wholesale prices of fats and oils except butter in September was about the same as in August (when it was 57 percent of the 1947-49 average), but almost 25 percent below the level of a year earlier. Prices of cottonseed and linseed oil averaged higher than in the month before, but were about offset by a decline in the price of lard.

The estimated production of cottonseed was reduced 6 percent between August 1 and September 1 to a level 11 percent below the 1951 production. Soybean prospects improved in August to 276 million bushels, nearly as much as in 1951. Production of flaxseed is expected to be 9 percent below a year earlier but total stocks of linseed oil, including those held by the Government, exceed last year's total disappearance.

Output of food fats and oils in the year beginning October 1, 1952, will be moderately less than in the current crop year. Lower production, however, will be partly offset by larger stocks at the beginning of the 1952-53 crop year. Based on reports as of September 1, total oilseed tonnage will be 7 percent smaller than in 1951, but still relatively large. The improvement for soybeans from the preceding month about offset the decline for cottonseed in terms of total oil equivalent.

CORN AND OTHER FEED

Feed prices this summer have been influenced by a strong demand and short supplies in the South. Cash prices of oats, barley, and sorghum grains advanced during August and early September, while corn prices were comparatively stable. Smaller hay production, especially in the South, resulted in a contraseasonal advance in hay prices this summer, and in August they averaged 18 percent higher than a year earlier. Demand for high-protein feeds has been especially strong in recent weeks, holding prices of most of these feeds at the ceiling levels. The price of soybean meal mixes advanced during August and early September to over \$100 per ton at Chicago, and prices of tankage and meat scraps increased to the highest level since early this year. The strength in feed prices also was partly the result of seasonally smaller supplies of corn, soybean meal, and some other feeds. Prices for corn and soybean meal declined seasonally in late September with the beginning of the harvest of the 1952 crops.

Farmers placed only 1.8 million tons of feed grains from the 1951 crops under price support, less than 2 percent of the 1951 production. This compares with 4.2 million tons in 1950, and the record of 18.1 million tons in 1948. Nearly all of the 1951 feed grains placed under price support were redeemed by farmers. Stocks of feed grains under loan or owned by CCC totaled about 9 million tons at the close of the 1951-52 marketing seasons for the four grains, about 6 million tons less than at the beginning.

The 1952-53 supply of all feed concentrates, including the grains and byproduct feeds, was estimated in early September at about 163 million tons, about equal to the 1946-50 average, but 4 percent smaller than in 1951-52. The prospective supply per grain-consuming animal unit is slightly smaller than last year and about 10 percent smaller than in the 3 feeding years beginning with October 1948. The total consumption of feed grains in 1952-53, including exports, is expected to be less than the 123 million tons consumed in 1951-52, but it may be a little above this year's production of 117 million tons. This would mean a small decrease in carry-over stocks at the end of the season. The 1952-53 corn supply is estimated at 3.7 billion bushels, about the same as last year.

WHEAT

Cash wheat prices, with the exception of soft red wheat, are generally only slightly below the effective loan level. The price of No. 2 Hard Winter (ordinary protein) at Kansas City on September 19 was \$2.38, which was 1 cent below the effective loan rate of \$2.39 (\$2.48 less 9 cents for storage) and 23 cents above the low of about \$2.15 reached on June 28. On September 19 the price of No. 1 Soft White at Portland was \$2.33, only 3 cents below the effective loan. On the other hand, the price of No. 2 Soft Winter at St. Louis reflected large supplies of this class of wheat, and at \$2.31, was still 12 cents under the effective loan at that market.

Because of the small spring wheat crop, spring wheat prices are independently strong, even though the heavy seasonal movement is still taking place. The price of No. 1 Dark Northern Spring Wheat on September 19 was \$2.40, only 2 cents below the net loan (\$2.51 less 9 cents for storage). The low for the season to date at only 6 cents less than the current market was reached as late as July 29.

United States average prices received by farmers for all wheat in mid-August was \$2.04, 6 cents above a month earlier. Even though this year's near-record crop was nearly a third above the 1951 outturn, prices in mid-August were only 1 cent below a year earlier. The advance from the low point reached earlier in the season is the result of the heavy movement into storage under the price support programs.

The September estimate of the wheat crop was virtually unchanged from a month earlier. Total supplies for the marketing year which began July 1, 1952 are estimated at 1,577 million bushels, consisting of the carry-over July 1, 1952 of 254 million bushels, the crop estimated at 1,298 million and likely imports of about 25 million for livestock feeding. Despite the poor spring wheat crop, total production is the second largest and total supplies are the third largest in our history. Domestic disappearance may total about 700 million bushels, compared with about 688 million in 1951-52. This would leave about 875 million bushels for export and carry-over. Assuming exports of about 325 million, about 550 million would remain for a carry-over July 1, 1953. This would be substantially above the 1942-51 average of 335 million, but well below the record 631 million in 1942.

FRUIT

Prices received by growers for deciduous fruits harvested in late summer and early fall are expected to be seasonally low in October as heavy harvest-time supplies are marketed. Except for apples, prices for deciduous fruits probably will average about the same as, or lower than, in this month of 1951.

Although prices for apples are expected to decline about seasonally during early fall, they probably will continue considerably above prices during this time of 1951. This is expected because of the smaller 1952 crop and stronger demand for apples for processing. Stocks of both canned apples and applesauce were much smaller at the start of the 1952 season than a year earlier.

Grower prices for pears are expected to increase this fall as fall and winter pears replace Bartletts as the chief variety on the market. But prices probably will continue somewhat under the relatively high levels of the fall of 1951. No export-payment programs are contemplated for 1952-crop late apples and winter pears.

Because of expected weaker demand for grapes for crushing for wine, grower prices for grapes this fall probably will average somewhat under 1951 prices. Prices for cranberries probably will be slightly higher this fall than at this time of 1951. The 1952 crop is nearly as large as the 1951 crop and demand is expected to be as good as a year ago.

Grower and terminal market prices for oranges and grapefruit are expected to average lower in October than in September as new crop citrus from Florida reaches the market in increasing volume. Total stocks of canned citrus juices will be much lower at the start of the canning season this fall than a year earlier and stocks of frozen orange juice also may be lower.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by farmers and retail prices of fresh market truck crops this fall probably will average near the level of last year, and relatively lower than prices in the spring and summer months just past. Prospective production for this fall's market--according to the September 1 report--totals about the same as a year earlier with substantially larger crops of carrots, lettuce, early fall cucumbers and green peas expected. For these crops, prices may be somewhat lower this fall than last. Total production in each of the first 3 quarters of this year was smaller than in the same period of 1951.

For Commercial Processing

Prospects are that most major truck crops for commercial processing are equal to or larger than the quantities suggested in the Department Goals. Unfavorable weather in some areas has cut both acreage and the prospective crop of tomatoes for processing substantially below the reduced level suggested by the Goals. A slight increase in beet tonnage for canning was suggested, but prospects now are for about a 20 percent reduction from last year. With these principal exceptions, adequate production and packs are expected, and prices in the next few months probably will remain near present levels.

POTATOES AND SWEETPOTATOES

Some seasonal decline in potato prices is expected to accompany the peak of harvesting and marketing of potatoes by farmers this fall. Thereafter, however, prices will work upward. Supplies may run a little short toward the end of next spring.

Sweetpotato prices in the next few months are expected to remain relatively high but will go through a customary seasonal decline in the peak harvesting months and will rise thereafter. Because the crop this year is somewhat larger than last year, especially in some of the areas important commercially, prices may average slightly lower this season than the record prices obtained last season.

DRY EDIBLE BEANS AND PEAS

Prices for dry beans and peas in the next few months are expected to be substantially higher than in corresponding months last year. Total supplies are substantially smaller and domestic demand is expected to remain at about the 1951 level. Although yields are not as high as last year, the drop in production of dry beans and peas is primarily due to the drop in acreage.

COTTON

The supply of cotton in the United States during the 1952-53 marketing year is estimated at 16.6 million bales. This is 800 thousand bales smaller than the supply a year earlier and includes estimated production (as of September 1) of 13,729 thousand running bales, (13,889 thousand 500 pound bales), a carry-over of 2,745 thousand, and imports of 150 thousand.

The disappearance estimate, previously published, ranges from 13.3 to 14.6 million bales. This indicates that the carry-over at the end of the season will range from a low of about 2 million bales to a high of 3.3 million. The middle of this range falls very close to the 2.7 million bales carried over at the end of the 1951-52 season.

Ginnings of 1.4 million bales through September 1 were 10.3 percent of the indicated crop. Through September 1 last year, 13.4 percent of the 1951 crop had been ginned, and the 1942-51 average is 8.4 percent.

The average price for Middling, 15/16 inch cotton at the 10 spot markets fluctuated between 38.71 and 40.76 cents per pound in August compared with 34.32 to 35.68 in August last year, but the August average of 39.43 cents was only .04 cents higher than the July average. From September 1 to 19 this price fluctuated between 38.29 and 39.81 cents per pound.

In August, for the second consecutive month, mill margins increased and were 6.6 percent higher than July. This was caused by increases in the prices of gray goods without accompanying increases in cotton prices. The increase in the mill margins during July and August reflects a stronger gray goods market during the past two months.

WOOL

The 1952-53 wool-marketing season opened on September 1 in Australia. At the opening auctions wool prices ranged between 5 and 10 percent below the closing prices of last June but between 15 and 20 percent above the low levels of last March. Prices since then have fluctuated near the opening levels.

Quotations for Australian wools at Boston have changed little since early May. Australian 64's, 70's good top-making wool has been quoted nominally at \$1.43 per pound, clean basis (American yield), in bond, since early May.

Quotations for most domestic wools at Boston were lowered substantially at mid-September to levels well below the corresponding loan values. Domestic territory fine staple and good French combing wool was quoted at \$1.58, clean basis, for the week ending September 12, the same as the low of early April, and compared with \$1.66 at mid-August. A substantial quantity has gone under loan.

Consumption of apparel wool during July was at a weekly rate of 6.3 million pounds, scoured basis, less than seasonally below that of June, and about the same as that for July of last year. Consumption through July was about 21 percent below that of the same months of last year.

Imports of apparel wool through July totaled 141 million pounds, clean basis, about 41 million pounds less than year earlier. Imports of carpet wools during the same months amounted to 59 million pounds, compared with 72 million a year earlier.

TOBACCO

Flue-cured prices through the third week of September this season averaged 50.8 cents per pound--slightly above the average for the comparable period in the 1951 season. About 14 percent less has been marketed than in the same period of last season because the crop is smaller and matured later in some areas. According to the September 1 indication, the flue-cured crop may total 1,380 million pounds--5 percent less than the record 1951 crop. Total supplies for 1952-53 will be a little larger than for 1951-52 since the carry-over is above that of a year ago.

The September 1 indication for Burley was 606 million pounds--2 percent lower than last year's record crop. The October 1 carry-over will be larger than a year earlier, and the 1952-53 total supply probably will be around 5 percent above the 1951-52 level.

Auctions for fire-cured and dark air-cured types begin in the late fall and the first of the year. The 1952 production of these types is smaller than last year and their carry-overs also seem likely to be a little lower.

The 1952 cigar filler crop is indicated to be sharply lower than in 1951, but the production of the combined binder types may be nearly as much as a year ago.

For the first 8 months of 1952, tax-paid consumption of cigarettes is estimated at about 260 billion--nearly 3 percent more than in the same period of a year ago. The January-August tax-paid consumption of large cigars totaled about 3.9 billion--5 percent higher than in January-August 1951. The January-August tax paid consumption of smoking and chewing combined and snuff is estimated at 3 and 1 percent lower, respectively, than in the same 8 months of 1951.

Exports of unmanufactured tobacco in January-July totaled 188 million pounds compared with 191 million pounds in January-July 1951. Tobacco exports will increase seasonally during the last half of the year but the total for calendar year 1952 will be smaller than in 1951. Considerably less is expected to go to the United Kingdom, the leading foreign outlet.

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